



Information Memorandum

Oregon Department of Human Services

Originating Cluster:

Seniors and People with Disabilities

Authorized by: Jon E. Cooper, Administrator

Signature

IM Number: SPD-IM-03-074

Date: September 2, 2003

Subject: **DD, Recovery of Unexpended 2001-03 Funds for Selected Services Under
County Financial Assistance Agreements**

Applies to (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> All DHS employees | <input checked="" type="checkbox"/> County DD Program Managers |
| <input type="checkbox"/> Area Agencies on Aging | <input checked="" type="checkbox"/> County Mental Health Directors |
| <input type="checkbox"/> Children Adults and Families | <input type="checkbox"/> Health Services |
| <input type="checkbox"/> Community Human Services | <input type="checkbox"/> Seniors and People with Disabilities |
| <input type="checkbox"/> Other (please specify): _____ | |

Message: County Monthly Allotments of Developmental Disability (DD) funds will be adjusted in September 2003 to recover certain funds that were paid but not expended under the 2001-03 County Financial Assistance Agreements (CFAAs).

Background

In the spring of 2003, the Department identified several DD service categories for which it appeared that Counties would spend less than the entire amounts under their 2001-03 County Financial Assistance Agreement (CFAAs). Estimates of potential savings were based on: (a) expenditures reported by Counties in the DHS Client Process Monitoring System (CPMS) for Diversion Services (DD 44) and for Self-Directed Support Services (DD 49); and (b) reports on foster care payments (DD 58) made through the Department's Client Based Care (CBC) system. DHS sent the information about estimated savings to Counties, with a request to review and correct the data, and to project costs for the rest of the contract period (through June 30, 2003). DHS adjusted its budget forecasts and cash flow projections based on the information it received from Counties at that time. In the last few weeks, DHS Seniors and People with Disabilities (SPD) staff have contacted Counties again to update the figures for DD 49.

To meet current cash flow requirements, DHS must recoup the funds now, as described below.

Recovery procedures

Rather than using the cumbersome contract amendment process to recover the savings, DHS

will proceed as follows:

- Diversion Services (DD 44) and Self-Directed Support Services (DD 49): DHS will reduce the September 2003 monthly allotment, to recover projected 2001-03 underexpenditures. The amount of recovery will be based on estimated final costs as reported by each County. Recognizing that Counties are still working on closing their books, and that some additional costs may still be identified, DHS will generally take no more than 75% of the estimated savings in these two services. Some Counties have requested that the full amount be recovered, to avoid the need to set up accounts payable to be carried until contract settlement. For those Counties, 90% of the savings will be recouped, leaving a small margin for any errors that may have occurred in reporting costs.

Calculation of the DD 49 recoveries was complicated for some Counties due to mismatches between the CPMS provider number to which funds were allocated in DHS records, and the CPMS provider in which actual expenses were reported by the County. A separate, individualized letter will be sent to each affected County, showing the DD 49 amount, by CPMS provider, to be recouped in the September 2003 allotment.

- For Foster Home Services (DD 58), no cash recovery is required. DD 58 is not like the services under the County Agreement for which County receives the funds in monthly allotments based on the Contract amount. Instead, DD 58 funds are not paid until the services are actually delivered, and those payments are made directly to the foster care providers based on rates authorized by the County. No DD 58 funds actually flow to Counties. Savings in DD 58 have already been realized by virtue of the fact that the amount actually paid directly to providers was less than the total available for the 2001-03 biennium.

If you have any questions about this information, contact:

Contact(s):	Lorraine Burgio Dawn Bass		
Phone:	503-945-9783 503-945-9805	Fax:	503-373-7274
E-mail:	Lorraine.A.Burgio@state.or.us Dawn.M.Bass@state.or.us		